

[10 August, 2000]

RAJYA SABHA

**Operational Action Plan of SSI**

\*270. SHRI VIJAY J. DARDA: Will the Minister of SMALL SCALE INDUSTRIES AND AGRO AND RURAL INDUSTRIES be pleased to state:

(a) whether Government have formulated a proposal for credit guarantee fund for SSI;

(b) if so, the details thereof;

(c) the details of implications of the proposal; and

(d) the details of operational action plan for the current year for SSI units, State-wise in general and Maharashtra in particular?

THE MINISTER OF STATE OF THE MINISTRY OF SMALL SCALE INDUSTRIES AND AGRO AND RURAL INDUSTRIES (SHRIMATI VASUNDHARA RAJE): (a) to (d) Government has launched a Credit Guarantee Fund Scheme for Small Scale Industries (CGFSI). The Scheme is being implemented by a Trust jointly constituted by Government of India and SIDBI. To begin with, a corpus of Rs. 125 crores is being created of which Rs. 100 crores would be contributed by the Government of India and Rs. 25 crores by the Small Industries Development Bank of India (SIDBI). Under the scheme guarantee will be provided for 75% of the individual loans (term loan as well as working capital) upto Rs. 10 lakhs extended by commercial banks and well performing regional rural banks to small scale industrial units, without collaterals including third party guarantees.

The implementation of the Guarantee scheme will improve the availability of credit to the SSI units and help these units to increase their capacity utilisation which in turn will result in increased output, exports, employment and revenue for the Government.

The response of the SSI units to the introduction of the scheme for one year will be evaluated, after which further action plan will be prepared. The scheme is applicable for the entire country and no state-wise action plan has been drawn in this regard.